

Statement of Hon. John J. Duncan, Jr.
Hearing on
Agency Budgets and Priorities for FY-2007:
EPA, NOAA, and TVA
March 8, 2006

I would like to welcome everyone to the second of our Fiscal Year 2007 budget hearings.

Last week, we heard from the Army Corps of Engineers, the Natural Resources Conservation Service, and the St. Lawrence Seaway Development Corporation.

Today's hearing will examine the budgets and priorities of the Environmental Protection Agency, the National Oceanic and Atmospheric Administration, and the Tennessee Valley Authority for Fiscal Year 2007.

I support the President's efforts to control Federal spending, and understand that some tough choices need to be made.

But I have to take issue with some of the choices of where to cut the spending.

It is inevitable that the Administration's priorities and Congressional priorities will not always coincide.

However, for the EPA and NOAA programs that fall within the jurisdiction of this Subcommittee, I would like to think that we have the same goal -- protecting our environment in a cost-effective way.

With that goal in mind, I continue to be disappointed that the Clean Water Act State Revolving Loan (SRF) program is perennially the target of proposed budget cuts.

The SRF program is one of the most cost-effective programs in government. For every dollar the Federal government invests, more than two dollars are made available for environmental improvements.

In fact, the Federal investment of \$23 billion in the SRFs has led to the creation of over \$55 billion of revolving loan funds available for clean water projects.

In Fiscal Year 2005, alone, the SRF program provided over \$4.9 billion in loans for sewer upgrades and other water quality improvements around the nation.

That sounds like a lot of money, but the needs are far greater.

We are all well aware that our national wastewater infrastructure is aging, deteriorating, and in need of repair and replacement.

Studies by EPA, the Congressional Budget Office, and the Water Infrastructure Network have confirmed that the gap between current levels of spending and the necessary level of

investment in wastewater infrastructure is staggering, and we need to double our efforts to close that gap.

By continuing to cut funding to the Clean Water SRF program, as the Administration has proposed, the SRFs will be unable to help local communities fund thousands of essential clean water projects all around the nation.

The consequences of failing to invest are severe. Without upgrades to wastewater infrastructure, not only will we fail to make progress in water quality, but as our population increases, we will lose the gains we have made over the past 30 years.

No one wants to go back to the days when rivers caught on fire.

There has to be a shared commitment to make the needed improvements to our wastewater infrastructure.

That means local, State, and Federal investment in this area must continue to increase, not decrease.

EPA also needs to direct adequate funding towards its other core clean water programs.

As for the Superfund program, the overall Budget Request of \$1.26 billion is \$17 million more than the currently enacted level. However, that increase is not being directed towards on-the-ground cleanup activities.

Proposed funding for actual removal and remedial actions is less than the currently enacted funding level and even the Administration's FY-2006 requested amount.

EPA needs to reallocate more funding away from overhead and administrative costs and towards cleanup.

In 2004, the EPA Office of Inspector General identified a shortfall of \$175 million in funding for cleaning up Superfund sites. That shortfall has not been addressed.

Instead, the President's Budget appears to be deferring to the overall levels Congress has enacted recently.

For NOAA, I am interested in hearing about NOAA's role in carrying out the President's Ocean Action Plan, particularly the National Water Quality Monitoring Network.

This Subcommittee has consistently encouraged better coordination of water monitoring data, and would like to hear about what NOAA is doing to maximize coordination with other agencies.

Finally, I want to comment on TVA's budget for FY 2007. Unlike the other agencies before us today, TVA is self-financed – drawing its revenues from the 8 million people in 7 states that it supplies with electricity.

I appreciate all the benefits that TVA brings to the people of my district and to the region. I want to see a strong and financially sound TVA that will continue to benefit the Tennessee Valley long into the future.

In past hearings, I have expressed concerns about TVA's long-term financial health. Other Members also have raised similar concerns.

Since then, the Committee has met with TVA, its customers, and people in the financial and utility industries.

I am pleased that TVA now is doing more to manage its financial obligations. TVA's Strategic Plan adopted in 2004 seeks to reduce the Authority's debt.

In addition, under the leadership of Chairman Baxter, debt reduction is a high priority and TVA is budgeting to reduce its total financial obligations.

This will ensure TVA's long-term ability to strengthen the economy and serve the people of the Tennessee Valley.